

# Consumer Alert



A publication by the South Carolina Department of Consumer Affairs



## NEW Federal Consumer Financial Protection Agency

After two years of discussion, a new consumer protection agency emerges from the legislative process. On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act into law. With the Act comes subtle and drastic change; all for the protection of common, everyday consumers. The biggest change is the creation of the Consumer Financial Protection Bureau, a federal agency housed within the Federal Reserve.

As the name alludes, the responsibility of the Consumer Financial Protection Bureau will be protecting consumers. The bureau will have the power to write, regulate and enforce rules regarding credit cards, bank loans, payday lending and other financial products. Through the

implementation of this agency, legislators anticipate that consumers will be more educated and protected in the marketplace.

The Consumer Financial Protection Bureau's duties and responsibilities include regulating, researching, community affairs, consumer complaints, fair lending and equal opportunity, financial education, service members affairs and protecting seniors.

As with any law, there are critics. Some believe that the agency will do more harm than good by interfering with the relationships between lenders and consumers.

Others believe that a hands-off approach is better so that banks and other lenders can establish their own unique way of dealing with recent consumer financial issues. On the other hand, supporters of the new bureau believe that banks and lending companies have failed at dealing fairly with consumers.

Only time will tell whether the new Consumer Financial Protection Bureau is a success. As always, consumers must stay informed and use careful judgment when participating in the credit marketplace.



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Fall 2010



### PSST... we're moving!

Stay tuned for more information about the move. Details will be coming soon.

#### CARD Act

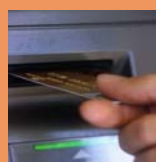


The new Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009 was

created to help consumers manage their credit and get out of debt. Learn more!

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#### ATM Thieves



ATM robbery has evolved with technology. Thieves don't even have to be present to get away with stealing your bank account information, even your PIN number. Read how you can protect yourself!

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#### The Scam Slammer



Scammers will think of anything to separate you from your money. From fake checks to bogus charities, this section is a must read!

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# Credit Card Accountability, Responsibility and Disclosure Act

In May 2009, President Barack Obama signed the Credit Card Accountability, Responsibility and Disclosure (CARD) Act. This Act was created to help consumers manage their credit and get out of debt. Provisions such as banning unfair rate increases and unfair fee traps were put in place to give consumers confidence and security in the ability to pay off debt.

## Did you know...

Here are a few things you may not know about the CARD Act:

**Did you know** that a Minimum Payment Warning must be provided on a consumer's credit card statement? The warning must include the number of months it will take to payoff the balance and the total cost (including interest and principal) if you pay the minimum payment only. It also shows the monthly payment you would make in order to have the debt paid off in 36 months.

**Did you know** that creditors cannot charge you convenience fees for payments made over the phone and online unless the payment is expedited? So, pull out the phone or keyboard and make your payments with no worries of extra fees!



**Did you know** that if you are under the age of 21, you cannot have a credit card issued to you unless you can prove that you can pay your debt, or you have a co-signer over 21? Sorry college students, no more free pizza for signing up for a credit card. This may sound bad to some, but the goal is to keep young Americans out of debt.

Many believe the CARD Act has done little to help consumers, citing loopholes in the law. The Act has been criticized for lack of specification regarding rates, fees and payments, creating room for new traps. For instance, some credit issuers are setting higher interest rates on new credit cards to make up for the potential loss due to the CARD Act. For existing accounts, the Act does not specify what type of fees card issuers can implement; therefore, extra fees are attached to credit accounts as "standard" fees.



Although there are loopholes, consumers protections do exist in the CARD Act. Banks and credit card issuers now have more accountability than ever and consumers must be more informed through increased disclosures presented in an easy to understand manner.

## Major changes include:

- **Consistent Payment Dates** - Payments are now due on the same date each month by 5 pm. If your payment date falls on a non-business day, then it changes to the lender's next business day.
- **Limits Increasing the APR/Fees/or Charges** - Lenders cannot increase these items during the first year the account is open, or with respect to outstanding balances. A few exceptions exist, including when the consumer is 60 days late or when an introductory rate ends.
- **Over-the-Limit Fees** - Consumers must opt-in to these fees. Only one fee can be charged per billing cycle.
- **Subprime Credit Cards** - Restricts fees on these cards. Generally, fees can't exceed 25% of the credit limit within the first year of the account being opened.
- **Plain Sight/ Plain Language Disclosures** - Consumers must be able to see and understand account terms, including explanations of fees charged.

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## A close-up photograph showing a person's hand inserting a yellow card into the card reader of an ATM. The ATM is dark-colored with a keypad visible below the card slot.

units gain information in real time, so by the time a consumer leaves the ATM, his/her account information has already been captured and compromised.

located. If you notice an unfamiliar camera, you can contact your bank to confirm whether or not it was placed by the bank.

- Also, be cautious when using your credit or debit card at a gas station. The same kind of skimming device can be used at these locations too.

***The Scam.*** ATM thieves take information through “skimming.” Skimming is a very high-tech way to steal account numbers and pin numbers. Thieves place an undetectable magnetic strip reader (“skimmer”) over the ATM card reader. This device reads the card number and account number. Meanwhile, there is a camera strategically placed to capture the PIN the consumer enters. These

- **Choose one ATM.** Become familiar with it, so you will know if something looks different or if your card feels different when you insert it. If something looks or feels different when you insert your card, retrieve it and cancel the transaction. Then, notify your bank as soon as possible.
- **Beware of your surroundings.** Find out where the cameras are

**Did you know** you are entitled to receive a free credit report every 12 months from each one of the three major credit reporting agencies? Under Federal Law, you can request your free reports by going online to [www.annualcreditreport.com](http://www.annualcreditreport.com), calling 877-322-8228, or printing a request form from [www.ftc.gov/credit](http://www.ftc.gov/credit) and mailing it to the appropriate address.

**AnnualCreditReport.com** is the only authorized source for a free credit report. Anyone can write a catchy jingle, but only this site provides you with a truly free credit report. AnnualCreditReport.com does not require a fee or trial memberships.

**Your credit report contains** information on where you live, how you pay your bills and financial related judgments like bankruptcy. Make sure the information on your report is accurate because credit reporting agencies sell this information to businesses that use it to evaluate your application for credit, insurance, employment and other services. If the report shows accounts you did not open or incorrect personal information, this could be a sign that your identity was stolen.

[illegible]



## Recall Round-Up From CPSC

The holidays are quickly approaching and for many of us that means holiday shopping. Before you break the bank on the newest toys, make sure they're safe for you and your children! Fisher-Price recently recalled over 10 million items ranging from tricycles to high chairs. Below are just some of the recalled toys.



### Fisher-Price Toys with Inflatable Ball

*Hazard:* The valve of the inflatable ball on these toys can come off and pose a choking hazard to young children.

### Fisher-Price's Little People Wheelies Stand 'n Play Rampway

*Hazard:* The wheels on the purple and the green cars can come off, posing a choking hazard to young children.



### Fisher-Price's Little People Play 'n Go Campsite

*Hazard:* The plastic Sonya Lee figure in the play set can break at the waist, exposing small parts that pose a choking hazard to young children.

For a complete listing of recalled products, visit the U.S. Consumer Product Safety Commission (CPSC) at [www.cpsc.gov](http://www.cpsc.gov). If you purchased a recalled product, the retailer should have information for you. If you find a recalled item on the shelf or have any questions about recalled products, contact the CPSC at 800-638-2772.



## SCAM

**Oil Spill Charity Scam.** Although the oil is no longer flowing into the gulf, scammers are using the BP spill as an opportunity to scam concerned citizens. Charity scams are big this time of year. Scam artists pluck the most recent headline in an effort to profit from your kindness. Before you give, follow some simple guidelines to avoid being taken for a phony charity ride: (1) Know who you are dealing with by only giving to established charities with which you are familiar, (2) Ask questions to find out where the money is going and how much the group is trying to raise, (3) Reject high pressure tactics - it's ok to hang up, (4) Be skeptical if someone thanks you for a previous donation you don't remember making, and (5) Avoid making cash donations. Check out the Secretary of State's website at [www.scsos.com](http://www.scsos.com) for information on charities.

**Fake Checks.** There are many variations of the fake check scam. It could be someone offering to pay you to work at home, offering to buy something you advertised, or giving you an "advance" on the sweepstakes or lottery you supposedly won. The check sometimes looks so real that even bank tellers can't spot the scam. Once you've deposited a check, under Federal Law banks must make the money available to you quickly. This usually means the money is available between 1-5 days after the deposit. Just because you can withdraw the money doesn't mean that the check is good. It can take weeks for the scam to be discovered and the check to bounce. Remember, you are responsible for the checks you deposit. When dealing with a stranger, be sure to determine the risk and insist on a cashier's check for the exact amount you are owed. Don't pay to collect sweepstakes or lottery winnings. Those that are legitimate do not require you to pay "insurance," "taxes" or "shipping & handling" in order to collect.



The new gift card rules apply to store gift cards and gift certificates, such as retail and restaurant gift cards, as well as any gift card with a MasterCard, Visa, American Express, or Discover brand logo.



### New Protections:

- **Limits on expiration dates.** Your gift card is valid for at least 5 years from the date the card was purchased.
- **Replacement cards.** Even if your card has an expiration date, you may be able to use what's left on the card after it expires. Check the card's terms and conditions to see if you can request a replacement card at no charge.
- **Fees disclosed.** All fees must be clearly disclosed on the gift card or its packaging.
- **Limits on fees.** After you purchase the card, only one fee can be charged per month. Generally, fees cannot be charged until you have not used the card for at least one year.

### "If I Had \$100, I Would..."

The South Carolina Department of Consumer Affairs is holding its annual essay competition. This continues our effort to encourage schools, communities, businesses, the media and consumers to focus public awareness on consumer rights and responsibilities.

**Who can participate?** South Carolina 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> graders.

**What are the requirements?** Each essay submitted will have to address the subject in 250 words or less and begin with "If I Had \$100, I Would..."

**Winners Receive:** 10 winners will receive a \$100 US Savings Bond. Funding is made possible through the SC Bankers Association.

**Deadline:** December 10th, 5p.m.

For complete details, visit  
[www.sccconsumer.gov](http://www.sccconsumer.gov).



**Twitter.** SCDCA is tweeting! We are proud to present our Daily Consumer Help and Awareness Tips (CHAT). Check out the latest CHAT @SCDCA.



**Facebook.** If you prefer facebook, join our new South Carolina Department of Consumer Affairs group.



**Website.** Not a "tweeter" or "facebooker?" No problem! You can always find the latest on our home page at [www.sccconsumer.gov](http://www.sccconsumer.gov).

### South Carolina Department of Consumer Affairs

Established by the Consumer Protection Code in 1974, the South Carolina Department of Consumer Affairs represents the interest of South Carolina consumers. Our mission is to protect consumers from inequities in the marketplace through advocacy, mediation, enforcement, and education. The Department strives to be a **CREDIT** to our State: **C**ompetence **R**espect **E**quality **D**edication **I**ntegrity **T**imeliness. For more information on the SCDCA, visit [www.sccconsumer.gov](http://www.sccconsumer.gov).

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